

# YEAR IN REVIEW

## COMPLIANCE IN BOLIVIA: WHAT HAPPENED IN 2025?



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## Outlook for 2025 and prospects for 2026

2025 marked a turning point for the compliance ecosystem in Bolivia, characterized by a combination of institutional advances, political reconfiguration, and greater exposure to corruption risks in strategic sectors. Throughout the year, compliance gained greater visibility on the public agenda, particularly through initiatives promoted by the Vice Ministry of Transparency and spaces for dialogue with the private sector, which helped position corporate integrity as a relevant pillar of business management.

At the same time, the public agenda was marked by high-profile investigations into corruption in strategic sectors—hydrocarbons and energy, industry, the environment, and public funds—which revealed structural weaknesses in internal controls, risk management, contracting processes, and governance in state entities. These cases not only had a political impact but also constitute relevant signals of the risk environment for companies that interact with the state.

In terms of regulation and financial integrity, Bolivia's inclusion on the FATF gray list and the designation of Virtual Asset Service Providers (VASPs) as Regulated Entities reflected an increase in the level of requirements for the prevention of money laundering, with direct impacts on cross-border operations, banking relationships, and compliance structures.

In addition, the closure of the Ministry of Justice and Institutional Transparency, announced by the new government, introduced uncertainty regarding the continuity of anti-corruption policies, the role of the State in promoting compliance, and coordination with the private sector, in a context of institutional transition that is still in the process of being defined.

Looking ahead to 2026, the following is anticipated:

- Pressure—both nationally and internationally—to accelerate pending AML/CFT reforms in order for Bolivia to be removed from the gray list. This scenario opens up significant opportunities for companies to strengthen their compliance programs as a strategic tool for risk mitigation and trust building.
- An increase in criminal and administrative investigations related to corruption and economic crimes, with a direct impact on companies that contract with the government or operate in regulated sectors.
- Opportunity for the private sector—especially companies that contract with the government—to strengthen compliance programs as a tool for mitigating legal, reputational, and operational risks, as well as for the public sector to advance in the adoption of international standards of ethics, integrity, and good corporate governance.

## Political context

### 1. Presidential election and institutional reconfiguration

In 2025, there was a significant change in the political landscape with the election of Rodrigo Paz as President of the Plurinational State of Bolivia, who took office with a discourse focused on reducing the size of the state apparatus, strengthening the fight against corruption, and reviewing institutional structures considered politicized or inefficient.

One of the first decisions announced was the closure of the Ministry of Justice and Institutional Transparency, a measure that raises questions about the continuity of public policies related to integrity, transparency, and coordination with the private sector.

For the private sector, this context implies a transition scenario that requires active monitoring but also offers opportunities to participate in the design of good practices, strengthen channels of institutional dialogue, and anticipate regulatory adjustments.

## **2. State of the judicial system and "self-extensions"**

During 2025, the Bolivian judicial system was marked by debate over the permanence of judicial authorities whose terms had been extended beyond constitutional limits as a result of the postponement of judicial elections. This situation—publicly known as that of the "extended authorities"—raised questions about institutional legitimacy and the predictability of judicial criteria.

In November 2025, the Plurinational Constitutional Court issued a resolution ordering the cessation of these extensions, establishing a transition mechanism aimed at preserving the validity of judicial acts already issued and moving toward institutional normalization. For the private sector, this episode reinforced the need to monitor the judicial environment as part of legal risk management and contractual planning in the country.

## **Institutional environment and public governance**

### **1. Reorganization of the justice and transparency sector**

In November 2025, Bolivian President Rodrigo Paz announced the closure of the Ministry of Justice and Institutional Transparency as part of a process to reorganize the state apparatus with a view to reviewing structures considered oversized or politicized. Responsibilities related to transparency, the fight against corruption, and institutional coordination are in the process of being redistributed to other state entities.

This process of institutional transition poses challenges in terms of the continuity of public policies, inter-institutional coordination, and the definition of channels of communication with the private sector. At the same time, it opens up space to redefine more efficient schemes of governance, control, and promotion of integrity, provided that clear frameworks of competencies and responsibilities are consolidated.

With regard to the progress made in institutional compliance and transparency—particularly that promoted by the Vice Ministry of Transparency—uncertainty remains as to how the new government will manage these competencies. Likewise, questions remain about the continuity of the anti-corruption policy and dialogue with the private sector as a mechanism for promoting good compliance practices and institutional strengthening.

### **2. Subsidy policy and economic restructuring**

In December 2025, Rodrigo Paz ordered the partial elimination of fuel subsidies, which had been in place for almost two decades, arguing that the scheme had caused economic distortions and facilitated illegal practices, including smuggling and the misuse of subsidies by informal actors.

The measure generated social reactions and protests, particularly from unions and transportation sectors, which warned of impacts on purchasing power and operating

costs. However, from a public policy perspective, the adjustment seeks to correct economic incentives that have historically affected fiscal sustainability and energy market efficiency.

For the private sector, this change introduces a new scenario of costs, financial planning, and contract management, while gradually contributing to a reduction in market distortions and risks associated with parallel economies. The evolution of this policy will be an important factor to monitor during 2026.

## LGI/FT and FPADM Management

### 1. Bolivia added to FATF gray list

In June 2025, Bolivia was included on the gray list of the Financial Action Task Force (FATF). This decision was made as a result of the follow-up to the evaluation that GAFILAT carried out on the country within the fourth round of evaluations on the prevention of money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction.

That assessment identified structural deficiencies in Bolivia's regulatory framework. Based on this, the FATF defined an action plan that included multiple "recommended actions" that the country had to implement to demonstrate sufficient progress.

Although Bolivia reported having completed more than 90% of these actions, the most relevant point remained pending: the approval of a specific law incorporating the special investigative techniques required to investigate and prosecute crimes of money laundering and terrorist financing. The lack of this regulation was decisive in the FATF's conclusion that the country had not completed the action plan.

Inclusion on the gray list means that Bolivia is now a jurisdiction under enhanced monitoring, which entails greater international scrutiny, reputational risks, pressure on correspondent banking relationships, and a potential impact on cross-border operations. At the same time, it obliges the State to accelerate reforms and demonstrate sustained progress in order to be removed from the list in future reviews. More information on Jurisdictions under Enhanced Monitoring is available [here](#).

### 2. PSAVs as regulated entities

In April 2025, the Financial Investigations Unit (UIF) formalized the designation of Virtual Asset Service Providers (PSAVs) as new Regulated Entities (SO).

The measure responds to the growth of the virtual asset ecosystem and FATF standards, which require specific supervision and controls to mitigate ML/TF and FPADM risks associated with crypto assets.

Although the FIU has not yet issued specific instructions for VASPs outlining their specific obligations, VASPs must nevertheless comply with the general obligations applicable to any RO regardless of their category. These obligations include:

- Registration with the FIU.
- Registration of a Responsible Officer with the FIU.
- Preparation of an Internal Manual containing due diligence policies and procedures with a focus on ML/TF and FPADM risk management.
- Reporting of Suspicious Transactions to the FIU.

The designation resolution issued by the FIU is available [here](#).

## Relevant cases of corruption

The cases identified during 2025 highlight significant risks associated with public governance, government procurement, subsidy management, and control of regulated markets. For the private sector, these cases are early warning signs of legal, reputational, and operational exposure.

### 1. Hydrocarbons and energy sector

#### a. Botrading case

One of the most high-profile scandals of the year was the case involving Botrading, a subsidiary of Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which was at the center of investigations into irregularities in the import and sale of fuels.

- Parliamentary and media investigations indicated that Botrading could have caused significant economic damage to the state, with estimates reaching up to USD 355 million in alleged losses from overpriced operations and fictitious resale of fuels.
- Throughout the year, figures linked to YPFB faced inquiries for possible crimes such as influence peddling, illicit enrichment, breach of duty, and falsification of documents related to these operations.
- Amid the scandal, YPFB continued to award contracts to Botrading—for example, more than US\$9.2 million for fuel imports—fueling criticism from political sectors and civil society about a lack of transparency.
- YPFB's official defense argued that Botrading had generated profits and competitiveness in the import market, but these claims were strongly questioned by the Prosecutor's Office and legislators, who maintain that the evidence points to possible corrupt practices.
- Several officials were arrested, including the former manager of YPFB Logistics and the former vice president of Operations at YPFB.

#### b. Raids and investigations at YPFB and ANH

During the year, joint operations were carried out by the Prosecutor's Office and the Police, with raids on the facilities of YPFB and the National Hydrocarbons Agency (ANH) in several cities (La Paz, Oruro, Cochabamba, Santa Cruz, and El Alto), as part of investigations into irregular contracts, fuel diversions, and smuggling.

- The raids resulted in the arrest of several officials and the seizure of key documentation to clarify alleged illegal activities related to the flow of hydrocarbons.
- An illegal diversion of between 20% and 25% of the total volume of imported fuel was detected, which has a direct impact on the state economy and requires stricter scrutiny of logistical controls.
- The former president of YPFB, Armin Dorgathen, is currently under investigation for smuggling and aggravated gas exportation, as well as for events linked to the Botrading case. To date, the whereabouts of Dorgathen

are unknown, but according to public information in the press, he is believed to be outside the country.

### **c. Crime associated with the fuel market**

At the same time, authorities reported that during specific operations in 2025, more than 120,000 liters of state-owned fuel had been seized and more than 100 people had been arrested for smuggling hydrocarbons, reflecting that fuel diversion and illegal trafficking continued to be a serious problem of corruption and crime in the sector.

These activities—which include clandestine storage and transportation in vehicles to evade controls—evidence the persistence of parallel markets, weaknesses in logistical controls, and exploitation of subsidy schemes, posing operational, financial, and reputational risks for actors involved in the hydrocarbon supply chain.

## **2. Environment sector**

### **a. Environment ministers charged or arrested**

In January 2025, the president of the Plurinational State of Bolivia, Luis Arce, dismissed the then Minister of Environment and Water, Alan Lisperguer, after investigations into alleged corruption and illicit enrichment were made public. The decision came after significant inconsistencies were detected in his financial situation, particularly a rapid increase in real estate holdings that could not be adequately justified in relation to his income as a public servant.

According to information released by the media, Lisperguer went from declaring two properties to nine properties in a period of approximately ten months, which triggered investigations by control authorities and the Public Prosecutor's Office. These irregularities led to allegations of alleged illicit enrichment and possible crimes related to the exercise of public office, which led to his immediate dismissal from office.

The case had a significant political and media impact, as it involved a strategic portfolio linked to the management of natural resources, environmental projects, and public procurement.

In relation to the proceedings, the La Paz Departmental Prosecutor's Office formally charged Lisperguer with the crimes of illicit enrichment, false statements in his sworn declaration of assets, breach of duty, and illegal appointments. In August, Lisperguer was arrested and the judge ordered house arrest, a travel ban, and bail of 15,000 bolivianos.

More information on the case is available [here](#).

## **3. Industrial sector**

### **a. EMAPA case**

In 2025, the Food Production Support Company (EMAPA) became the focus of one of the most significant cases of corruption in the industrial sector and state subsidies. Investigations uncovered an alleged network of diversion and embezzlement of subsidized flour, a key ingredient in bread production and a central part of the policy to control the prices of basic foods.

The Public Prosecutor's Office identified the alleged existence of a "family clan" headed by the leader of the National Confederation of Bakers of Bolivia (CONAPABOL) ("RR"), who had allegedly gained irregular access to large volumes of subsidized flour, diverting it from its social purpose. According to the Prosecutor's

Office, this structure allegedly acted in coordination with former EMAPA officials and authorities, facilitating the hoarding and possible improper sale of the commodity. RR signed an inter-institutional agreement with EMAPA for the state-owned company to guarantee the supply of flour to bakers; however, at the same time, he resold this subsidized flour and maintained contractual links with EMAPA itself as the lessor of a property used for product storage.

This system operated between 2022 and 2025, and it is estimated that more than 50,000 quintals of flour were manipulated, causing economic damage to the State amounting to Bs 300 million (approximately USD 43.1 million). As part of this investigation, RR is being investigated for the alleged crimes of misuse of state property, influence peddling, and illicit enrichment. RR was arrested in December 2025, along with his wife and son. The head of inspection at EMAPA was also arrested, and another official from the institution was placed under house arrest. The former manager of EMAPA was also arrested.

Those under investigation publicly denied the existence of a family clan and rejected the accusations; however, the Public Prosecutor's Office continued with the proceedings, including raids, analysis of contracts, distribution flows, and administrative and criminal responsibilities within the state-owned company.

More information on the case is available [here](#).

#### **b. Indigenous Development Fund**

The Indigenous Development Fund (FONDIOC/FDI) was created on December 22, 2005, with the aim of financing productive and development projects in indigenous and rural communities, benefiting the most vulnerable sectors of Bolivia. However, historically it failed to fulfill its mission, as the resources allocated to development projects were systematically diverted to the accounts of political leaders. In 2015, the Comptroller's Office confirmed initial economic damages of Bs 71 million (approximately USD 10.2 million). The government at the time intervened in the Fund and opened criminal investigations.

In 2025, the case returned to the public and judicial agenda when the new interim director of the FDI, Sergio Alan Barba, appeared in the proceedings against Lidia Patty, the former MAS deputy, and Luis Arce, for his management as Minister of Economy at the time and member of the Fund's Board of Directors.

In December 2025, former President Luis Arce Catacora was arrested in La Paz. Arce faces charges of illicit enrichment, uneconomical conduct, breach of duty, and misuse of influence related to irregular transfers of funds to private accounts for poorly executed or non-existent projects. The anti-corruption judge in charge of the case ordered five months of preventive detention while the proceedings against Luis Arce continue. Lidia Patty was also arrested and is being investigated for breach of contract and suspicious deposits linked to FDI project funds.

Meanwhile, the Prosecutor's Office reported that it has arrest warrants and subpoenas against several former officials, which will be executed in the coming days.

More information on the case is available [here](#).

### **4. Investigations against private companies**

#### **a. Construction company raided in relation to corruption case**

In January 2026, the Public Ministry initiated a criminal investigation against several public officials, including the former Minister of Public Works, Edgar Montaña, for allegedly granting undue benefits to a construction company through the application of a preferential exchange rate. According to the authorities, these actions would have caused an estimated economic loss to the State of approximately USD 3 million. The anticorruption judge handling the case ordered the preventive detention of Montaña and other public officials involved. The alleged offenses under investigation include breach of public duties, anti-economic conduct and offenses related to public contracting against the State.

In parallel, the Public Ministry conducted a raid at the premises of the construction company allegedly involved in the scheme, seizing documentation and electronic devices, including mobile phones. Authorities confirmed that the scope of the investigation has been expanded to include the company's legal representative, reinforcing the focus on potential corporate involvement in corruption-related offenses.

## Public sector

### 1. Call for applicants: "Integrity list for the implementation of regulatory compliance components"

In July 2025, the Vice Ministry of Institutional Transparency and Anti-Corruption launched the call for applicants for the "Integrity List for the Implementation of Regulatory Compliance Components - Compliance" as part of its Anti-Corruption Policy approved in February 2023. The objective was to recognize private sector companies for the implementation of compliance components, allowing for greater visibility, trust, and business reputation.

The call for applications was aimed at various sectors, including agriculture, commerce, construction, finance, industry, mining, and telecommunications. The evaluation criteria included the implementation of compliance policies, employee training on ethics and integrity, corporate risk control mechanisms, procedures for identifying conflicts of interest, and internal and external audits of the company.

Finally, the companies recognized by the Vice Ministry were Banco Fie, CONSEGSA, SIGMA CORP, Sinchi Wayra, and Nuevatel PCS Bolivia (Viva). The Vice Ministry noted that these companies demonstrated 1) a high commitment to transparency, 2) corporate ethics and integrity, and 3) the effective incorporation of regulatory compliance components into their corporate management. This can be seen on the Citizen Transparency Observatory website, available [here](#).

### 2. Training events for other companies

Likewise, as part of the Commitment signed between the Vice Ministry and private sector companies in January 2025, a working group on Business Integrity was held in which representatives of the private sector presented the actions developed in their organizations regarding the level of compliance with integrity and ethics standards, as well as recommendations for steps to follow for the correct implementation of compliance as a competitive advantage in business dynamics.

Banco Fie, Laboratorios Bagó, and PPO Indacochea presented topics to different companies from both the public and private sectors, facilitating the exchange of experiences and challenges in each of these sectors. More information about the event can be found [here](#).

### **3. International Seminar on Corruption and Related Crimes**

On December 2 and 5, the first "International Seminar on Corruption and Related Crimes" was held, bringing together national and international experts who addressed issues such as legal and practical challenges in the fight against organized crime, corruption, and environmental crimes. This seminar was organized by the Attorney General's Office, through the Superior Anti-Corruption Prosecutor's Office, at the facilities of the University of Aquino Bolivia (UDABOL) in Santa Cruz de la Sierra.

The seminar was aimed at public officials and the private sector. Among the topics of discussion were the legitimization of illicit gains and the prosecution of legal entities, a legal regime that was included in Bolivian legislation as early as 2021 and had not yet been publicly disseminated.

## **Private Sector**

### **1. Creation of WIC**

On August 15, the first meeting of Women in Compliance (WIC), a network of women leaders in the practice area, was held in Santa Cruz, organized by PPO Indacochea. During the day, they shared their professional trajectories and reflected on the main challenges they face in their work environments.

At the meeting, strategic goals were defined to strengthen and consolidate the network, with the aim of promoting the future growth of WIC. The initiative seeks to become a space for dialogue and collaboration, where knowledge about ethics, best corporate practices, and emerging trends can be exchanged.

Women in Compliance is a pioneering initiative in Bolivia, designed to raise the profile, connect, and empower women who lead the compliance practice. It also encourages mutual support, promotes new initiatives, and contributes to strengthening the culture of compliance in the country.

## About PPO Indacochea

PPO Indacochea is the largest law firm in Bolivia, with leading practices in all areas. Clients know they can rely on PPO Indacochea for their most challenging legal and business matters. PPO Indacochea's 80 attorneys and more than 180 professionals work assertively to provide exceptional service, sophisticated advice, and creative, practical solutions.

PPO Indacochea is the law firm with the widest geographic coverage in Bolivia, with offices in five cities: La Paz, Cochabamba, Santa Cruz, Sucre, and Cobija.

## Contact



**Andrea Lizárraga**  
Senior Associate  
[alizarraga@ppolegal.com](mailto:alizarraga@ppolegal.com)



**Lindsay Sykes**  
Partner  
[lsykes@ppolegal.com](mailto:lsykes@ppolegal.com)



**Fernanda Ribera**  
Senior Associate  
[fribera@ppolegal.com](mailto:fribera@ppolegal.com)

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## Offices

### Santa Cruz

Av. Piraí N°2115  
esq. Barasea

### La Paz

Av. Ballivián 555  
Edif. El Dorial,  
Piso 14

### Cochabamba

Calle Papa Paulo N°604  
Edificio Empresarial Torre  
42 Piso 6

### Sucre

Calle Ayacucho N°255  
Piso 2

### Cobija

Avenida 16 de Julio  
N°149 Centro

### Telephone

(+591) 620 02 020  
(+591) 353 53 56